

Sampo Group's **Annual Report 2013**

This is a user defined extract from Sampo's Online Annual Report and this kind of extract can in no circumstances be referred to as Sampo's Annual Report or an extract thereof. Sampo's entire Annual Report is available at www.sampo.com/annualreport.

Remuneration Remuneration

Remuneration

Fair and rewarding remuneration to all employees is an important factor in Sampo Group's ability to enhance shareholder value in a competitive business environment. Remuneration is an equally important determinant of success in the competition for talent. Sampo's remuneration strategy is responsible both towards the employees and the shareholders and, consequently, long-term financial stability and value creation of the Group guides the design of compensation schemes.

Sampo plc's Board of Directors has approved common Remuneration Principles applicable to all companies within Sampo Group.

[Remuneration Principles \(www.sampo.com/remuneration\)](http://www.sampo.com/remuneration)

Remuneration Report

Sampo has published a Remuneration Report on its website in accordance with section 7 (Remuneration) of the Corporate Governance Code.

[Sampo's Remuneration Report \(www.sampo.com/remuneration\)](http://www.sampo.com/remuneration)

Compensation of the Members of the Board of Directors

According to Sampo's Articles of Association, the Annual General Meeting decides on the compensation of the members of the Board of Directors.

In accordance with the decision of the Annual General Meeting in 2013, the following annual fees will be paid to the members of the Board of Directors for their Board and committee work up to the close of the Annual General Meeting in 2014: EUR 160,000 to the Chairman, EUR 100,000 to the Vice Chairman, and EUR 80,000 to the other members of the Board, with approximately 50 per cent of each Board member's fee being paid, after taxes and corresponding charges, in Sampo A shares and the rest in cash. In addition, potential statutory social and pension costs incurring to non-Finnish members according to applicable national legislation will be borne by Sampo plc.

Board members employed by the company will not receive separate compensation for Board work during the validity of the employment or service relationship.

Members of the Board of Directors have not received any other benefits, nor do they participate in Sampo's long-term incentive programs.

Compensation of the Managing Director and Other Executives

The Board of Directors decides on the terms of employment and remuneration of the Group CEO and other executives on the Sampo Group Executive Committee, on the basis of a proposal by the Nomination and Compensation Committee. However, the Nomination and Compensation Committee decides, upon authorization by the Board of Directors, on the salaries of the members of the Group Executive Committee, excluding the Group CEO and Deputy CEO.

Principles of the Remuneration System

In addition to receiving monthly salaries, executives who are members of the Group Executive Committee are participants in the Group's short-term incentive programs, which are decided upon separately each year. Short-term incentives are determined on the basis of the Group result, business area result and individual performance. The maximum amount that can be paid for 2013 to members of the Executive Committee is an amount corresponding to nine months' fixed salary.

Members of the Group Executive Committee are also participating in the long-term incentive program 2011 I for Sampo's management. The terms of the incentive programs are available on Sampo's website.

[Terms of the incentive programs \(www.sampo.com/remuneration\)](http://www.sampo.com/remuneration)

Based on his employment contract, the Group CEO will be paid a fixed monthly salary and a yearly short-term incentive, which may be no more than an amount corresponding to nine months' fixed salary. The Group CEO is also participating in the long-term incentive program 2011 I for Sampo's management.

Mr. Kari Stadigh is the CEO of Sampo Group. For year 2013 the Group CEO was paid EUR 902,961 in fixed salary and EUR 288,996 in short-term incentive (excluding deferred compensation) and EUR 2,338,000 in long-term incentive, together totaling EUR 3,529,957.

Part of the variable compensation payable to members of the Group Executive Committee is deferred as required in the regulatory framework applicable to each Group company. After the deferral period and on the basis of a risk adjustment review, the Board of Directors decides whether the deferred variable compensations shall be paid out in full, partly or omitted in whole.

The members of the Group Executive Committee are each covered by the employment pension system of their country of residence. Under the terms of their employment contracts, the majority of them are also covered by supplementary pension schemes. The retirement age for the Committee's members as set out in their contracts is 60, 65 or the age laid down in the employment pension system of their country of residence.

More detailed information on compensation in Sampo Group during 2013 is available at the Remuneration Report published by Sampo.